

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

LEA MÁRQUEZ PETERSON - Chairwoman
SANDRA D. KENNEDY
JUSTIN OLSON
ANNA TOVAR
JIM O'CONNOR

In the matter of:

META 1 COIN TRUST, an unincorporated
association,

ROBERT PAUL DUNLAP, an unmarried
person,

Respondents.

DOCKET NO. S-21167A-21-0372

**TEMPORARY ORDER TO CEASE AND
DESIST AND NOTICE OF
OPPORTUNITY FOR HEARING**

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents Meta 1 Coin Trust and Robert Paul Dunlap are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("Securities Act") and that the public welfare requires immediate action.

The Division also alleges that Robert Paul Dunlap is a person controlling Meta 1 Coin Trust within the meaning of A.R.S. § 44-1999(B), so that he is jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as Meta 1 Coin Trust for its violations of the antifraud provisions of the Securities Act.

I.**JURISDICTION**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENTS

2. Robert Paul Dunlap (“Dunlap”) has been a resident of the states of Texas or Florida at all relevant times.

3. Meta 1 Coin Trust (“Meta 1”) is an unincorporated association purporting to be an “irrevocable trust organization” that has operated at various times in Arizona, Texas, and Florida.

4. Dunlap has represented himself as the “managing trustee” or “managing director” of Meta 1 at all times.

5. Meta 1 and Dunlap may be referred to collectively as “Respondents.”

III.

FACTS

6. Since at least April 2018, Respondents have been conducting an unregistered and fraudulent offering of securities in the form of investment contracts in a purported cryptocurrency.

7. Since April 2018, Respondents raised at least \$4,375,632.95 from at least 150 investors in 32 states and 5 foreign countries.

8. At least twenty of the investors in Meta 1 were residents of Arizona.

9. Since at least December 2018, Meta 1 has been conducting its offering primarily through a website through which it offers investments in “Meta 1 Coin,” a purported cryptocurrency.

10. Meta 1 also publishes its promotional materials on social media such as Facebook, Twitter, and YouTube.

11. Dunlap himself has appeared in online radio shows and YouTube videos promoting investment in Meta 1 Coin. At various times during such appearances, Dunlap represented:

a) Meta 1 Coin is a cryptocurrency that is not regulated by the SEC or subject to “government interference”;

1 b) Meta 1 Coin was initially backed by fine art but is now fully backed by \$2
2 billion of Dunlap's own gold; and

3 c) An investment of \$22.22 in one Meta 1 Coin would earn a return of \$20,000
4 or more in two years.

5 12. Meta 1 represents to investors that Meta 1 Coin is an "appreciating stable coin"
6 backed by assets.

7 13. Meta 1 initially represented to investors that Meta 1 Coin was "backed" by an art
8 collection worth \$1 billion.

9 14. Meta 1 now represents to investors that Meta 1 Coin is "backed" by large quantities
10 of gold and other precious metals assets.

11 15. Meta 1 represents to investors that their investments in Meta 1 Coin will generate
12 profits in several ways, including:

13 a) The appreciation of the underlying gold and precious metals assets;

14 b) The value of new assets that Meta 1 will be purchasing and "assigning" to
15 Meta 1 Coins; and

16 c) Appreciation of Meta 1 Coin on the open market.

17 16. Following their investments, some Meta 1 investors received a "Receipt of Coin
18 Certificate" which states, "META 1 COIN IS A TWO YEAR INVESTMENT."

19 17. The proceeds from Meta 1 investments were deposited in at least seven bank
20 accounts, six of which were controlled by Dunlap.

21 18. On March 16, 2020, the Securities and Exchange Commission ("SEC") initiated
22 civil action 1:20-cv-00273-RP against Meta 1 and Dunlap in the United States District Court,
23 Western District of Texas ("SEC Action").

24 19. In the SEC Action, the SEC alleged that Meta 1 and Dunlap conducted a fraudulent
25 offering of unregistered securities.
26

1 20. In the SEC Action, the SEC requested that the court enter a temporary restraining
2 order and freeze Meta 1's assets.

3 21. The court granted the SEC's request and issued an order restraining Meta 1 from
4 violating the antifraud provisions of the Securities Exchange Act of 1934 and selling unregistered
5 securities in violation of the Securities Act of 1933. The court also froze Meta 1's assets, including
6 more than 20 bank accounts.

7 22. Respondents never responded to the SEC's allegations in the SEC Action.

8 23. On February 8, 2021, the court in the SEC Action granted the SEC's Motion for
9 Default Judgment against Respondents.

10 24. In its order, the court in the SEC Action permanently enjoined Respondents from
11 violating the antifraud provisions of the Securities Exchange Act of 1934, permanently enjoined
12 Respondents from selling unregistered securities in violation of the Securities Act of 1933, and
13 ordered Respondents to pay disgorgement of all ill-gotten gains.

14 25. Meta 1 has not complied with the court's order.

15 26. On July 30, 2021, an Arizona resident ("Arizona Resident") contacted Meta 1
16 through the "Contact Us" page of its website.

17 27. In the "Description" field of the website's "Contact Us" page, the Arizona Resident
18 stated that he was in Arizona and was interested in investing in cryptocurrency.

19 28. On July 31, 2021, Meta 1 responded to the Arizona Resident by sending him an
20 email directing him to the "White Paper" on Meta 1's website.

21 29. In the July 31, 2021, email, Meta 1 stated that the White Paper "outlines all the
22 incredible advantages our coin holds and how it is different than other crypto currencies."

23 30. In the July 31 email, Meta 1 also stated that "it is an excellent time to join us as the
24 coin price is relatively low." Meta 1 added, "If you would like to place an order and you are
25 unsure about paying with crypto, at this time PRE-Launch we may be able to arrange bank wires,
26 or Check payments."

1 31. On August 11, 2021, Meta 1 emailed the Arizona Resident an advertisement for a
2 “Meta 1 Crypto 101 Class” the following day.

3 32. On September 1, 2021, the Arizona Resident responded to Meta 1 via email and
4 asked several questions about investing in Meta 1 Coin.

5 33. A few hours later, Meta 1 again emailed the Arizona Resident, stating:

6 a) “Investment can be as low as \$1.00 and you would receive a partial coin, or
7 as high amount as you would like to invest. Coins are currently \$121.33 to invest, but this price is
8 live and will fluctuate.”

9 b) “If you read through the White paper you will be able to understand how our
10 coin goes up in value and the benefits of the 4-6% monthly increase on each coin.”

11 c) “The market will determine how quickly the price will increase for the coins,
12 so I can not give you an accurate number or time frame for that.”

13 34. In the September 1 email, Meta 1 also suggested that the Arizona Resident
14 participate in Meta 1’s September 19 Zoom call and watch Dunlap on an upcoming live broadcast
15 on YouTube.

16 35. Meta 1 also again referred the Arizona Resident to the White Paper on its website.
17 The White Paper represented:

18 a) “META 1 Coin is secured by gold with advanced smart contracts creating
19 the World’s First Appreciating Stable Coin”;

20 b) “META 1 has institutional investment and transactional capability through
21 META INVESTMENT BANK and can distribute the profits to META 1 Coin holders by way of
22 smart contracts”;

23 c) “META 1 operates within a private trust in a ‘Private Jurisdiction.’ This
24 means that META 1 Coin is not within a State or Federal jurisdiction and it does not accept
25 contract attempts from such parties. Government agencies and their attempts at defaming and
26

1 stopping the advent of private digital assets have no legal bearing on META 1. This allows META
2 1 to operate without the interference of such agencies”;

3 d) “On July 4th, 2020, META 1 Coin Trust started out by assigning \$8.8
4 Billion in gold reserves and other assets to the fixed number of 1 billion META 1 coins”;

5 e) “Its value will likely increase substantially over time depending on market
6 conditions, though any potential gains are not guaranteed”; and

7 f) “META 1 Coin Trust and its beneficiaries are in possession of large
8 quantities of in-ground and vaulted above-ground gold assets. These assets will be assigned as
9 needed to facilitate a stable digital asset.”

10 36. Meta 1’s website, to which Meta 1 referred the Arizona Resident, states:

11 a) Meta 1 Coin is secured by a diverse mix of assets including gold mines, bars,
12 bonds and other precious metal securities;

13 b) The value of Meta 1 Coin does not go below the value of the assets;

14 c) \$2 billion in assets equates to a coin value of \$44.44; and

15 d) The value of Meta 1 Coin will appreciate through the appreciation of the
16 assets, the value of new assets assigned to the coins, and through market appreciation.

17 37. On September 14, 2021, Meta 1 published a post on its Facebook and Twitter
18 accounts containing a link to an article titled, “The Top Ways Meta 1 Coin Helps You to Generate
19 Wealth.” The article included statements such as:

20 a) “Like your traditional bank account, you only need to deposit META 1 coins
21 to start earning profits. Notably, META 1 pays more than 10X your bank account in terms of APY
22 due to the fact that the system removes all middlemen from the equation.”

23 b) “Another awesome way to profit using the META 1 Coin is simply to
24 HODL (hold on for dear life). . . . For one, it’s a multi-asset-backed coin. These assets include
25 appreciating items such as in ground and above ground gold. As these items appreciate, so does the
26 META 1 coin’s value.”

VI.**VIOLATION OF A.R.S. § 44-1991****(Fraud in Connection with the Offer or Sale of Securities)**

49. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

- a) Falsely representing that the Coins were secured by a \$1 billion art collection or \$2 billion in gold and precious metals assets;
- b) Falsely representing that Respondents would purchase additional assets to back the Coins;
- c) Failing to disclose that Respondents are subjects of a securities fraud action by the SEC, and that the court imposed an injunction and an order of disgorgement against them;
- d) Falsely representing to investors that Meta 1 and Meta 1 Coin are not subject to regulation by federal or state governments.

50. This conduct violates A.R.S. § 44-1991.

VII.**CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

51. Since at least April 2018, Dunlap has been and/or held himself out as a principal of Meta 1.

52. Since at least April 2018, Dunlap directly or indirectly controlled Meta 1 within the meaning of A.R.S. § 44-1999. Therefore, Dunlap is jointly and severally liable to the same extent as Meta 1 for its violations of A.R.S. § 44-1991 since April 2018.

VIII.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

THEREFORE, based on the above allegations, and because the Commission has determined that the public welfare requires immediate action,

IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

IT IS FURTHER ORDERED that if a request for hearing is made, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED that this Order shall be effective immediately.

IX.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;
2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
4. Order any other relief that the Commission deems appropriate.

X.

HEARING OPPORTUNITY

Each Respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a hearing, the requesting respondent must also answer this Temporary Order and Notice.** A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order and Notice. The requesting respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet website at <http://www.azcc.gov/hearing>.

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered.** After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order, with written findings of fact and conclusions of law. A permanent Order may include ordering restitution, assessing administrative penalties, or other action.

If a request for hearing is not timely made, the Division will request that the Commission make permanent this Temporary Order, with written findings of fact and conclusions of law, which may include ordering restitution, assessing administrative penalties, or other relief.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Carolyn D. Buck, ADA Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

XI.**ANSWER REQUIREMENT**

Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing, the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Temporary Order and Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/hearing>.

Additionally, the answering respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Chris Nichols.

The Answer shall contain an admission or denial of each allegation in this Temporary Order and Notice and the original signature of the answering respondent or the respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering respondent intends in good faith to deny only a part or a qualification of an allegation, the respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 19th day of November, 2021.

/s/ Mark Dinell

Mark Dinell

Director of Securities